

WORKFORCE OBSERVATIONS FOR MILWAUKEE COUNTY/WOW COUNTIES DECEMBER 2002



State of Wisconsin
Department of Workforce Development

Perspectives on a Stable Present and a Look to Future Changes

Continuing a trend that has been observed during the present period of sluggish, but steady economic recovery, the regional unemployment rates for the Milwaukee/Waukesha Metropolitan Statistical Area (MSA) showed a continuing pattern of seasonal fluctuation over the course of the past month. For the month of November, the seasonally adjusted unemployment rate for the metropolitan area was 5.2 percent. This represents an increase of two-tenths of one percent over the final estimate of 5.0 percent for October. Similarly, the state, as a whole saw its unemployment rate increase by four-tenths of one percent, growing to 4.5 percent.

In searching for reasons as to why the unemployment rate grew significantly in November, the first and most plausible explanation is that the economy is continuing on a pattern of seasonal fluctuation, as determined by an observation of similar trends over the past several years. This is confirmed by an analysis of the components of the unemployment rate. Over the course of the past month, the region witnessed no change in the civilian labor force. However, there was a direct correlation between the change in the ranks of the employed — a loss of 1,600 positions with an equal increase in the ranks of the unemployed. While this change is significant, it does show some signs of an optimistic job outlook as any growth in the number of discouraged workers would be reflected in a decrease in the labor force. Therefore, one can infer from these figures that there is a reasonable expectation of strong rehiring patterns over the course of 2003.

An analysis of changes in employment in the region's major industry sectors over the course of the past month shows a number of notable trends. First, owing almost entirely to scheduling patterns and seasonal shifts in the weather, employment in the construction sector decreased over the past month, shedding 1,640 positions regionally. This is in line with expectations for the month. Similarly, the manufacturing sector continues to react to sluggish ordering and the growing pains of a gradual transition from generalized to specialized production cycles. Estimated employment among the region's manufacturing firms is 670 positions lower now as compared to a month ago.

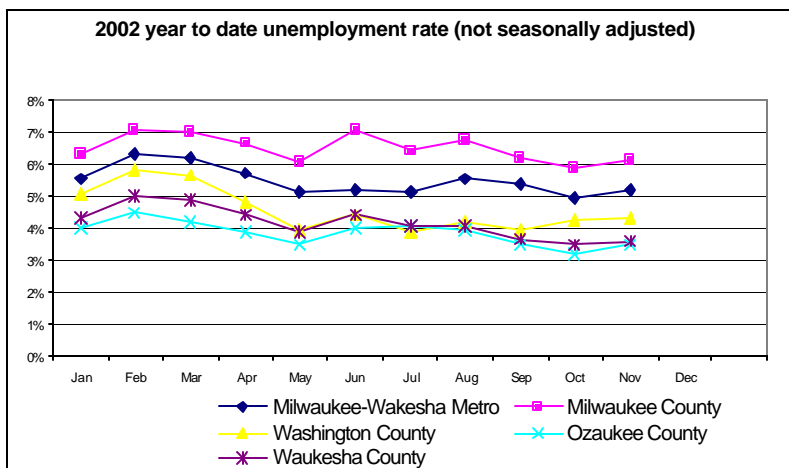
Another trend that may be of some concern is the recent loss of employment among service sector employers. An analysis of these firms shows a loss of 3,420 positions since October. While some of this change can be attributed to seasonal effects, much of this loss can be attributed to reactions to an uncertain economic recovery. Also, many losses in service sector firms can be attributed to a loss in business caused by the sluggish recovery in other sectors of the economy, such as manufacturing. However, the overall trend of employment in the service sectors continues to suggest strong growth.

A final important, and seasonal trend is growth in retail sector employment. Over the course of the past month, over three thousand new staff members were hired to meet the demands of the holiday shopping season. This trend is also expected to be reflected in the December employment figures.

An analysis of state employment figures over the course of the past month confirm these findings, in whole, but also reveal some additional areas for optimism in the regional economy. While the transportation, communications, and public utilities and wholesale trade sectors experienced significant job losses statewide, these sectors remained stable within the region, re-

porting small levels of job growth. However, the finance, insurance, and real estate sector, which has been recognized as a sector of strength regionally experienced a slight loss in employment over the course of the month while statewide employment grew. Still, the impact that the region has on the state's economy cannot be understated.

Looking at changes in employment among the metropolitan area's four counties, we see similar patterns of slight growth in the unemployment. For the month of November, the not seasonally adjusted unemployment for Milwaukee County was 6.1 percent, or an increase of 0.2 percent since October. Unemployment in the three WOW counties (Washington, Ozaukee, and Waukesha) ranged from 4.3 percent in Washington County, which was 0.1 percent higher than the previous month, to 3.4 percent in Ozaukee County, which, despite experiencing a growth of 0.3 percent in the local unemployment rate, had the fourth lowest



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unemployment rate in the state. Waukesha County saw its unemployment rate grow to 3.6 percent, or an increase of 0.2 percent. Fluctuations in industry employment were centered around construction and mining, manufacturing, and services, following regional patterns. Similarly, the retail sector experienced significant growth. As a result of these patterns, it is important to note that the manufacturing sector in the three county area is down 1,630 positions from a year ago.

As the calendar year draws to a close, it is important to note now that 2002 represents the last year that the Standard Industrial Classification system will be used due to the adoption of the North American Industrial Classification System, or NAICS. The transition to this new classification, which begins with labor market data for January 2003 will bring some significant changes to the composition of a number of industry

sectors. These changes will be detailed in the January Workforce Observation publication.

On a personal note, this month's issue also marks my final month as author for the Milwaukee/WOW region, as well as marks the end of my tenure as the regional labor economist for the area. As I move to a new and challenging position at the University of Wisconsin — Milwaukee, I wish to take this time to express my thanks to those that have found the information that I have provided over the course of the past year useful. I strongly believe that the Milwaukee/Waukesha economy is both vibrant and resilient and that one should only expect the region to grow and prosper for the foreseeable future.

Until a new economist is assigned to this region, all correspondence should be directed either to Eric Grosso or Terry Lude-man.

	Wisconsin	Milwaukee-Waukesha MSA	Milwaukee County/WDA	Washington County	Ozaukee County
November 2002					
Civilian Labor Force*	3,053,900	825,100	488,104	69,532	49,514
Persons Employed	2,915,100	782,600	458,129	66,556	47,807
Persons Unemployed	138,800	42,500	29,975	2,976	1,707
Unemployment Rate	4.5%	5.2%	6.1%	4.3%	3.4%
Total jobs of all non-farm industries**	2,867,541	864,945	557,669	46,944	39,110
Goods Producing Jobs	698,057	191,583	96,815	17,211	13,002
Service Producing Jobs	2,169,484	673,362	460,854	29,733	26,108
Construction & Mining	130,759	33,405	13,769	2,596	1,529
All Manufacturing	567,298	158,178	83,046	14,614	11,472
Transportation, Communications & Public Utilities	131,751	39,913	29,197	1,807	847
Wholesale Trade	135,658	45,699	23,518	2,257	1,502
Retail Trade	519,310	139,119	86,370	8,658	7,330
Finance, Insurance, and Real Estate	153,940	58,720	42,641	1,997	1,968
Services	795,148	293,606	211,366	9,343	10,373
All Government	433,677	96,305	67,761	5,670	4,089
Change from October 2002					
Civilian Labor Force*	200	0	-440	-200	-40
Persons Employed	-4,300	-1,600	-1,630	-240	-170
Persons Unemployed	12,200	1,600	1,190	40	130
Unemployment Rate	0.4%	0.2%	0.2%	0.1%	0.3%
Total jobs of all non-farm industries**	-780	-2,370	-1,380	-90	-70
Goods Producing Jobs	-6,580	-2,310	-1,030	-190	-120
Service Producing Jobs	5,800	-60	-350	100	50
Construction & Mining	-3,280	-1,640	-680	-130	-80
All Manufacturing	-3,300	-670	-350	-60	-50
Transportation, Communications & Public Utilities	-1,290	90	60	0	0
Wholesale Trade	-890	20	10	0	0
Retail Trade	7,990	3,040	1,890	190	160
Finance, Insurance, and Real Estate	120	-20	-10	0	0
Services	-8,830	-3,420	-2,460	-110	-120
All Government	8,690	230	160	10	10
Change from November 2001					
Civilian Labor Force*	59,610	10,310	6,700	690	560
Persons Employed	53,960	7,430	4,350	630	450
Persons Unemployed	5,660	2,880	2,340	60	110
Unemployment Rate	0.1%	0.3%	0.4%	0.0%	0.2%
Total jobs of all non-farm industries**	24,250	1,750	2,800	-220	-80
Goods Producing Jobs	-5,860	-5,210	-2,540	-460	-330
Service Producing Jobs	30,100	6,960	5,340	240	260
Construction & Mining	2,990	-1,770	-730	-140	-80
All Manufacturing	-8,840	-3,440	-1,810	-320	-250
Transportation, Communications & Public Utilities	-1,630	540	400	20	10
Wholesale Trade	-1,720	-1,780	-920	-90	-60
Retail Trade	3,010	290	180	20	20
Finance, Insurance, and Real Estate	3,220	500	360	20	20

Questions and comments regarding this publication are welcome. Direct to: **Eric Grosso, State Labor Economist**

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